

## Current Budget Scenario

### FY 2004:

Final revenue and expenditure figures indicate that the total year end balance for FY 2004 is just over \$100 million, which is about \$28 million higher than the estimate at Sine Die. A strong and balanced revenue showing in May and June, along with some spending reversions of about \$4 million combined to produce this very positive budget picture. Overall, the on-going baseline revenues increased 5.9% over the previous year, as opposed to the 4.3% estimate upon which the budget was built.

Because the ending balance exceeded the estimate by at least \$5 million, an additional one percent, one-time salary increase will be provided for state employees on top of the 2% ongoing increase.

The key to the spending plans for both FY 2005 and 2006 is to maximize the ending General Fund balances to help off-set the fiscal impact of the sales tax sunset, which will occur at the end of FY 2005 (June 30, 2005). The strong finish for FY 2004 will certainly help the budget situation for the next session, and hopefully the month by month positive revenue trend will continue.

### **REVENUES**

Beginning Balance	\$ 15,745,000
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#### **FY 2004 Actual Revenue Collections**

(5.9% over FY 2003)	1,840,473,900
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HB 400- Sales Tax Increase	171,637,000
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HB 264a- Cigarette Tax Increase	21,540,500
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Federal Flexible Grants	50,000,000
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All other transfers and adjustments	(11,953,700)
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TOTAL REVENUES	\$ 2,087,442,700
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### **APPROPRIATIONS**

Actual Expenditures	\$ 1,987,198,600
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<b><u>ENDING BALANCE</u></b>	\$ 100,244,100
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## Current Budget Scenario

### FY 2005:

Fiscal Year 2005 will have a strong beginning balance of just over \$100 million. The original baseline General Fund revenue estimate for FY 2005, as adopted by JFAC, was based on a 5.4% increase over estimated FY 2004 revenues. The most recent revised revenue estimate for FY 2005 developed by DFM in late August is now projecting a 6.2% increase over FY 2004 actual collections. Using this current revenue estimate to support the original appropriations (which could change with supplementals), the state would have a \$116.9 million ending balance.

FY 2005 is the second and final year of the temporary one cent sales tax increase, so that strong ending balance will be critical in helping to off-set the loss of about \$180 million in FY 2006 with the sales tax sunset. The state will also have available about \$117 million in combined cash reserves from tobacco settlement funds (\$75 m), the Budget Stabilization Fund (\$20.7 m) and the Economic Recovery Fund (\$21.9 m), should the legislature choose to augment ongoing revenues in the budget process.

### REVENUES

Beginning Balance	\$ 100,244,100
<b>FY 2005 Revenue Estimate</b>	
(6.2% over actual collections)	1,946,419,000
One cent sales tax increase (HB 400)	178,871,000
Transfer to Water Development fund	(500,000)
Transfer to Budget Stabilization Fund	(20,971,000)
Total General Funds Available	<hr/> \$2,204,063,100

### APPROPRIATIONS

<b>Original FY 2005 Appropriations</b>	\$ 2,082,138,300
Plus one-time 1% CEC	5,001,000
Supplementals (?)	(pending)
Total Appropriations	<hr/> \$ 2,087,139,300

<b><u>ESTIMATED ENDING BALANCE</u></b>	\$ 116,923,800
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